

**STATE OF MICHIGAN  
DEPARTMENT OF ENERGY, LABOR AND ECONOMIC GROWTH  
OFFICE OF FINANCIAL AND INSURANCE REGULATION**

**Before the Commissioner of the Office of Financial & Insurance Regulation**

**In the Matter of:**

**Capitol Discount & Second Hand Store, Inc.  
2720 N. East Street  
Lansing, MI 48906  
License No: DP 0013944**

**Enforcement Case No. 08-5761**

**Respondent**

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**CONSENT ORDER REQUIRING COMPLIANCE  
AND PAYMENT OF ADMINISTRATIVE AND/OR CIVIL FINES**

Issued and entered  
on May 16, 2009  
by **Stephen R. Hilker,**  
**Chief Deputy Commissioner**

Based upon the Stipulation to Entry of Consent Order and the files and records of the Office of Financial and Insurance Regulation (OFIR) in this matter, the Chief Deputy Commissioner Finds and concludes that:

1. The Chief Deputy Commissioner has jurisdiction and authority to adopt and issue this Consent Order in this proceeding, pursuant to the Michigan Administrative Procedures Act of 1969 ("MAPA"), as amended, MCL 24.201 *et seq.*, and the Deferred Presentment Service Transactions Act, 2005 PA 244, MCL 487.2121 *et seq.* ("Act").
2. All required notices have been issued in this case, and the notices and service thereof were appropriate and lawful in all respects.

3. Acceptance of the parties' Stipulation to Entry of the Consent Order is reasonable and in the public interest.

4. All applicable provisions of the MAPA have been met.

5. Respondent violated Sections 33 and 34 of the Act.

Now therefore, based upon the parties' Stipulation to Entry of Consent Order and the facts surrounding this case, IT IS ORDERED THAT:

6. Respondent shall CEASE and DESIST from violating Sections 33 and 34 of the Act.

7. Respondent shall pay to the State of Michigan, through OFIR, an administrative and/or civil fine in the amount of \$1,300. Respondent shall further pay the fines within 30 days of the invoice date as indicated on the OFIR invoice.

8. Respondent shall close all deferred presentment service transactions in accordance with the Act.

9. Before Respondent enters into a deferred presentment service agreement with a customer, it shall verify the customer's eligibility to enter into a transaction pursuant to Section 33(2) of the Act, MCL 487.2153(2), and Section 34(1)(b) of the Act, MCL 487.2154(1)(b).

10. Respondent shall report all deferred presentment service transactions to the Veritec database as required by the Act.

11. Respondent shall maintain a program to monitor and assure compliance with all state and federal laws and regulations pertaining to deferred presentment service transactions.

12. The program shall include the immediate designation of a compliance officer. The compliance officer's responsibility is to ensure that Respondent is in compliance with all applicable state and federal laws. As part of Respondent's compliance program, Respondent

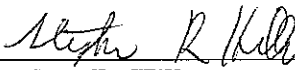
shall conduct daily checks of all transactions to ensure that all transactions have been reported to the Veritec database as required by the Act.

13. Respondent's compliance program shall include regular audits of all transactions to make certain that when a transaction is closed it is properly designated as closed, and immediately reported the Veritec database no later than 11:59 p.m. on the day the transaction is closed.

14. Respondent shall provide written notification to OFIR of the compliance officer's name and business address within 30 days from the date of entry of this Order. Respondent shall notify OFIR of any change in designation of the compliance officer within 30 days of such re-designation. Respondent shall educate its officers and employees engaged in the deferred presentment service transactions business with respect to all Michigan and federal laws and regulations applicable to the deferred presentment service transactions business, including the Act.

15. Respondent shall comply with all Bulletins, Orders, and Rules issued by the Commissioner of OFIR pertaining to deferred presentment service transactions.

16. The Chief Deputy Commissioner retains jurisdiction over the matters contained herein and has the authority to issue such further Order(s) as he shall deem just, necessary and appropriate in accordance with the Act. Failure to abide by the terms and provisions of the Stipulation and this Order may result in the commencement of additional proceedings.

  
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**Stephen R. Hilker**  
**Chief Deputy Commissioner**

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**STIPULATION TO ENTRY OF CONSENT ORDER**

Capitol Discount & Second Hand Store, Inc. (Respondent) and the Office of Financial and Insurance Regulation ("OFIR") stipulate to the following:

1. On or about September 9, 2008, OFIR served Respondent with a Notice of Opportunity to Show Compliance ("NOSC") alleging that Respondent violated provisions of the Deferred Presentment Service Transactions Act, 2005 PA 244, MCL 487.2121 *et seq.* ("Act").
2. The NOSC contained allegations that Respondent violated the Act, and set forth the applicable laws and penalties which could be taken against Respondent.
3. Respondent exercised its right to an opportunity to show compliance with the Act by attending an informal conference at the office of OFIR on October 13, 2008.
4. OFIR and Respondent have conferred for purposes of resolving this matter and determined to settle this matter pursuant to the terms set forth below.
5. The Chief Deputy Commissioner of OFIR has jurisdiction and authority to adopt and issue this Consent Order pursuant to the Michigan Administrative Procedures Act ("MAPA"), MCL 24.201 *et seq.*, and the Act.

6. At all pertinent times, Respondent was licensed with OFIR as a deferred presentment service provider pursuant to the Act.

7. Based upon the allegations set forth in the NOSC and communications with Respondent, the following facts were established:

a. Respondent failed to timely close a deferred presentment service transaction it entered into with [REDACTED] and notify the database provider to close said transaction, even though [REDACTED] had satisfied her obligation under the deferred presentment service agreement. The transaction remained open for thirteen days after [REDACTED] had satisfied her obligation under the agreement.

b. By failing to timely close a deferred presentment service transaction and notify the database provider to close the transaction, Respondent violated Section 34(8) of the Act, MCL 487.2154(8).

c. During OFIR staff's examination, OFIR staff found that Respondent failed to enter deferred presentment service transactions into the Veritec database as required by the Act, in violation of Section 33(2) of the Act, MCL 487.2153(2), Section 34(1)(b) of the Act, MCL 487.2154(1)(b), and Section 34(7) of the Act, MCL 487.2154(7).

8. Respondent agrees that it will cease and desist from violations of Sections 33 and 34 of the Act.

9. Respondent agrees that it will close all deferred presentment service transactions in accordance with the Act.

10. Respondent agrees that before entering into a deferred presentment service agreement that it will verify the customer's eligibility to enter into a transaction pursuant to Section 33(2) of the Act, MCL 487.2153(2), and Section 34(1)(b) of the Act, MCL 487.2154(1)(b).

11. Respondent agrees that it will enter all deferred presentment service transactions into the Veritec database as required by the Act.

12. Respondent agrees that it will pay to the state of Michigan, through OFIR, administrative and/or civil fines in the amount of \$1,300. Respondent further agrees to pay the fines within 30 days of the invoice date as indicated on the OFIR invoice.

13. Both parties have complied with the procedural requirements of the MAPA and the Act.

14. Respondent understands and agrees that this Stipulation will be presented to the Chief Deputy Commissioner for approval. The Chief Deputy Commissioner may in his sole discretion, decide to accept or reject the Stipulation and Consent Order. If the Chief Deputy Commissioner accepts the Stipulation and Consent Order, Respondent waives the right to a hearing in this matter and consents to the entry of the Consent Order.

15. If the Chief Deputy Commissioner does not accept the Stipulation and Consent Order, Respondent waives any objection to the Commissioner holding a formal administrative hearing and making his decision after such hearing.

16. Respondent admits that it has violated the Act and consents to the entry of the Consent Order Requiring Compliance and Payment of Administrative and/or Civil Fines. Respondent has had an opportunity to review the Stipulation and Consent Order and have the same reviewed by legal counsel.

17. The failure to abide by the terms and conditions of this Stipulation and Consent Order may, at the discretion of the Chief Deputy Commissioner, result in further administrative compliance actions.

18. The Chief Deputy Commissioner has jurisdiction and authority under the provisions of

the MAPA and the Act to accept the Stipulation to Entry of Consent Order and Consent Order and  
to issue a Consent Order resolving these proceedings.

**Capitol Discount & Second Hand Store, Inc.**

*Drakel Lerges*

By:

Its:

4-22-09  
Dated

**Office of Financial & Insurance Regulation**

*Marlon F. Roberts*

By: Marlon F. Roberts  
Staff Attorney

4/28/09  
Dated